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July 22, 2015

**VIA HAND DELIVERY**

Ms. Carlotta S. Stauffer  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RECEIVED FPSC  
15 JUL 22 PM 12:56  
COMMISSION CLERK

Re: Docket No. 150001-EI

**REDACTED**

Dear Ms. Stauffer:

I enclose for filing in the above docket an original and seven (7) copies of Florida Power & Light Company's ("FPL's") Request for Confidential Classification of Information Provided in Response to the Office of Public Counsel's Eighth Set of Interrogatories (Nos. 75, 77, 78 and 88) and Fifth Request for Production of Documents (No. 28). The original includes Exhibits A, B (two copies), C and D. The seven copies do not include copies of the Exhibits.

Exhibit A consists of the confidential documents, and all the information that FPL asserts is entitled to confidential treatment has been highlighted. Exhibit B is an edited version of Exhibit A, in which the information FPL asserts is confidential has been redacted. Exhibit C is a justification table in support of FPL's Request for Confidential Classification. Exhibit D contains the affidavit in support of FPL's Request for Confidential Classification. Also included in this filing is a compact disc containing FPL's Request for Confidential Classification and Exhibit C, in Microsoft Word format.

Please contact me if you or your Staff has any questions regarding this filing.

Sincerely,

Maria J. Moncada

COM  
AFD 2+Redacted + CD

APA  
ECO 1 Enclosure

ENG 1 cc: Counsel for Parties of Record (w/ copy of FPL's Request for Confidential Classification)

GCL 2

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Fuel and purchase power cost recovery  
clause with generating performance incentive  
factor

Docket No: 150001-EI  
Date: July 22, 2015

**FLORIDA POWER & LIGHT COMPANY'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION OF  
INFORMATION PROVIDED IN RESPONSE TO THE OFFICE OF PUBLIC  
COUNSEL'S EIGHTH SET OF INTERROGATORIES (Nos. 75, 77, 78 and 88)  
AND FIFTH REQUEST FOR PRODUCTION OF DOCUMENTS (No. 28)**

Pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, Florida Power & Light Company ("FPL") requests confidential classification of certain information provided in response to the Office of Public Counsel's ("OPC") Eighth Set of Interrogatories (Nos. 75, 77, 78 and 88) and Fifth Request for Production of Documents (No. 28) ("Confidential Discovery Response"). In support of its Request, FPL states as follows:

1. On June 22, 2015, OPC served its Eighth Set of Interrogatories (Nos. 66-89) and Fifth Request for Production of Documents (Nos. 28-30) on FPL. FPL's Response to OPC's Eighth Set of Interrogatories (Nos. 75, 77, 78 and 88) and Fifth Request for Production of Documents (No. 28) contain information of a confidential nature, which is proprietary confidential business information within the meaning of Section 366.093(3), Florida Statutes.

2. FPL files this request contemporaneously with the service of its response to OPC's Eighth Set of Interrogatories Eighth Set of Interrogatories and Fifth Request for Production of Documents Fifth Request for Production of Documents, in order to request confidential classification of the Confidential Discovery Response consistent with Rule 25-22.006, Florida Administrative Code.

3. The following exhibits are included with and made a part of this request:

a. Exhibit A consists of a copy of the Confidential Discovery Response on which the information that FPL asserts is entitled to confidential treatment.

b. Exhibit B consists of an edited version of the Confidential Discovery Response on which all information that FPL asserts is entitled to confidential treatment is redacted. For the documents that are confidential in their entirety, FPL has included only identifying cover page in Exhibit B.

c. Exhibit C is a table that identifies the Confidential Discovery Response, together with a brief description of the documents designated confidential. Exhibit C also sets forth references to the specific statutory bases for the claim of confidentiality and to the affiant who supports the requested classification.

d. Exhibit D is the affidavit of Gerard J. Yupp.

4. FPL submits that the highlighted information in Exhibit A is proprietary confidential business information within the meaning of Section 366.093(3), Florida Statutes. This information is intended to be and is treated by FPL as private, and its confidentiality has been maintained. Pursuant to Section 366.093, such information is entitled to confidential treatment and is exempt from the disclosure provisions of the public records law. Thus, once the Commission determined that the information in question is proprietary confidential business information, the Commission is not required to engage in any further analysis or review such as weighing the hard of disclosure against the public interest in access to the information.

5. Some of the Confidential Discovery Response provided by FPL contains information related to contractual data, the disclosure of which would impair FPL's ability to

contract for goods or services on favorable terms. This information is protected by Section 366.093(3)(d), Fla. Stat.

6. In addition, the Confidential Discovery Response also consists of competitive interests, the disclosure of which would impair the competitive business of FPL or its suppliers. This information is protected by Section 366.093(3)(e), Fla. Stat.

7. Upon a finding by the Commission that the Confidential Information remains proprietary and confidential business information, the information should not be declassified for at least an additional eighteen (18) month period and should be returned to FPL as soon as it is no longer necessary for the Commission to conduct its business. *See* § 366.093(4), Fla. Stat.

**WHEREFORE**, for the above and foregoing reasons, as more fully set forth in the supporting materials and affidavits included herewith, Florida Power & Light Company respectfully requests that its Request for Confidential Classification be granted.

Respectfully submitted,

John T. Butler  
Assistant General Counsel - Regulatory  
Maria J. Moncada  
Principal Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
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By: \_\_\_\_\_

Maria J. Moncada  
Florida Bar No. 0773301

**CERTIFICATE OF SERVICE**  
**Docket No. 150001-EI**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing Request for Confidential Classification\* has been furnished by electronic mail on this 22nd day of July, 2015 to the following:

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sbrownle@psc.state.fl.us

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Michael Barrett  
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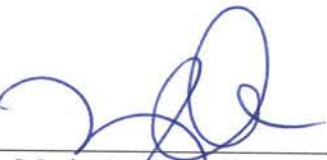
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John J. Truitt, Esq.  
J. R. Kelly, Esq.  
Patricia Christensen, Esq.  
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By: \_\_\_\_\_



Maria J. Moncada  
Florida Bar No. 0773301

\* The exhibits to this Request are not included with the service copies, but copies of Exhibits B, C and D are available upon request.

**EXHIBIT A**

**CONFIDENTIAL**

**FILED UNDER SEPARATE COVER**

**EXHIBIT B**

**REDACTED COPIES**



**REDACTED**

Florida Power & Light Company  
Docket No. 150001-EI  
OPC's 8th Set of Interrogatories  
Interrogatory No. 75  
Page 1 of 1

**Q.**

To date, what is the average cost to drill and complete each well in the Woodford Project? Please explain why this cost differs from FPL's previous estimates presented in the Gas Reserves hearing of \$5 million per well.

**A.**

The initial analysis provided by FPL assumed that each well would cost approximately [REDACTED]<sup>A</sup> 1  
[REDACTED]<sup>B</sup> to drill and complete and begin production. Of the [REDACTED]<sup>C</sup> approximately [REDACTED]<sup>D</sup> 2  
was attributed to drilling costs, [REDACTED]<sup>E</sup> attributed to completion costs, and the remaining 3  
[REDACTED]<sup>F</sup> attributed to production equipment and services needed to bring the well into 4  
production. As of July 1, 2015, 21 wells have been drilled with an average estimated cost for 5  
drilling of approximately [REDACTED]<sup>G</sup> Additionally, as of July 1, 2015, 10 wells have been 6  
completed and are producing, with an average estimated cost of [REDACTED]<sup>H</sup>.

Q.

To date, when netting out the volume of gas produced against the cost to produce the gas, what is the net gain or loss associated with the Woodford Project? (i.e., net gain or loss as compared against the Henry Hub or spot price the Company uses)

A.

From March 1, 2015 through June 30, 2015, the net calculated production cost of natural gas associated with the Woodford Project was [REDACTED]<sup>A</sup>. The net cost was calculated by 1 comparing production costs to the Columbia Gulf Mainline Index spot price for natural gas.

Current results of the Woodford Project are skewed compared to the original long-term estimates due to the typical time lag encountered in the oil and gas industry between investment in gas reserves and production from gas reserves. Given the initial outlay of capital required to drill and complete a well occurs months before the production from that well fully ramps up, the effective unit cost may appear artificially inflated at the beginning of a project's life cycle. This will normalize to a steady and predictable level once all the production is on-line. The same concept holds true for fixed operating costs, which appear high on a per unit basis before the full output of gas from the project is being produced to effectively spread the costs.

Q.

To date, when netting out the volume of gas produced against the cost to produce the gas plus the cost to acquire the Company's interest in the Woodford Project, what is the net gain or loss associated with the Woodford Project? (i.e., net gain or loss as compared against the Henry Hub or spot price the Company uses)

A.

From March 1, 2015 through June 30, 2015, the net total calculated cost of natural gas associated with the Woodford Project was [REDACTED]<sup>A</sup>. The net cost was calculated by comparing the sum of production costs and capital costs to the Columbia Gulf Mainline Index spot price for natural gas. 1

Current results of the Woodford Project are skewed compared to the original long-term estimates due to the typical time lag encountered in the oil and gas industry between investment in gas reserves and production from gas reserves. Given the initial outlay of capital required to drill and complete a well occurs months before the production from that well fully ramps up, the effective unit cost may appear artificially inflated at the beginning of a project's life cycle. This will normalize to a steady and predictable level once all the production is on-line. The same concept holds true for fixed operating costs, which appear high on a per unit basis before the full output of gas from the project is being produced to effectively spread the costs.

**Q.**

**Please explain or describe whether PetroQuest remains the Company's partner in the Woodford Project, and what percentage of ownership does PetroQuest still retain?**

**A.**

PetroQuest remains FPL's partner in the Woodford Project and still retains the [REDACTED]<sup>A</sup> working 1 interest described in the DDA.

**Documents responsive to OPC's Fifth Request for Production No. 28 (Bates Nos. FCR-15-05193 through FCR-15-05322) are confidential in their entirety.**

# **EXHIBIT C**

## **JUSTIFICATION TABLE**

**EXHIBIT C**

**COMPANY:** Florida Power & Light Company  
**TITLE:** List of Confidential Documents  
**DOCKET NO.:** 150001-EI  
**DOCKET TITLE:** Fuel and Purchased Power Cost Recovery Clause  
**SUBJECT:** FPL's Responses to OPC's Eighth Set of Interrogatories (Nos. 66-89) and Fifth Request for Production (Nos. 28-30)  
**DATE:** July 22, 2015

FPL's response to OPC's 8 <sup>th</sup> Set of Interrogatories	Bates No./ Page No.	Description	Line No./ Col. No.	Florida Statute 366.093(3) Subsection	Affiant
No. 75	Page 1 of 1	Projected and average costs to drill and complete each well in Woodford Project	Lns. 1A, 2B, 2C, 2D, 3E, 4F, 5G, 6H	(e)	G. Yupp
No. 77	Page 1 of 1	Net calculated production cost of natural gas associated with Woodford Project	Line 1A	(e)	G. Yupp
No. 78	Page 1 of 1	Net total cost of natural gas associated with Woodford Project	Line 1A	(e)	G. Yupp
No. 88	Page 1 of 1	PetroQuest's working interest percentage	Line 1A	(d), (e)	G. Yupp

FPL's response to OPC's 5 <sup>th</sup> Request for Production of Documents	Bates No./ Page No.	Description	Line No./ Col. No.	Florida Statute 366.093(3) Subsection	Affiant
POD No. 28	Bates Nos. FCR-15-05193 through FCR-15-05322	Executed Drilling Development Agreement (DDA)	ALL	(d), (e)	G. Yupp

**EXHIBIT D**

**AFFIDAVIT**



EXHIBIT D

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Fuel and Purchase Power Cost Recovery  
Clause with Generating Performance  
Incentive Factor

Docket No. 150001-EI

STATE OF FLORIDA )  
 )  
PALM BEACH COUNTY )

AFFIDAVIT OF GERARD J. YUPP

BEFORE ME, the undersigned authority, personally appeared Gerard J. Yupp who, being first duly sworn, deposes and says:

1. My name is Gerard J. Yupp. I am currently employed by Florida Power & Light Company ("FPL") as Senior Director of Wholesale Operations in the Energy Marketing and Trading Division. I have personal knowledge of the matters stated in this affidavit.

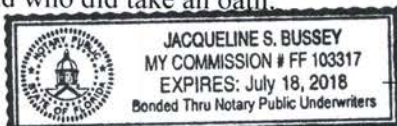
2. I have reviewed the documents and information included in Exhibit A to FPL's Request for Confidential Classification. The documents and materials in Exhibit A which are asserted by FPL to be proprietary confidential business information concern the competitive interests of FPL and third parties, and they contain data pertinent to FPL's hedging program. Specifically, some of the documents contain information regarding FPL's production cost of natural gas associated with the Woodford Project. Other information relates to the results of a specific hedging strategy utilized by FPL. The disclosure of this information would provide other participants in the fuel and financial markets insight into FPL's hedging practices that would allow them to anticipate FPL's trading decisions and impair FPL's ability to negotiate for these commodities, to the detriment of FPL and its customers. Disclosure of this information would also place FPL at a competitive disadvantage when coupled with other information that is publicly available. Additionally, the documents contain proprietary confidential business information, including information concerning bids or other contractual data. Disclosure of this information would violate nondisclosure provisions of FPL's contracts with certain vendors and impair the efforts of FPL or its affiliates to contract for goods or services on favorable terms. To the best of my knowledge, FPL has maintained the confidentiality of these documents and materials.

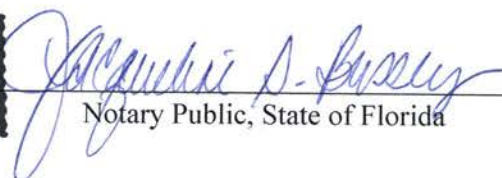
3. Consistent with the provisions of the Florida Administrative Code, such materials should remain confidential for a period of eighteen (18) months. In addition, they should be returned to FPL as soon as the information is no longer necessary for the Commission to conduct its business so that FPL can continue to maintain the confidentiality of these documents

4. Affiant says nothing further.

  
Gerard J. Yupp

SWORN TO AND SUBSCRIBED before me this 26<sup>th</sup> day of July 2015, by Gerard J. Yupp, who is personally known to me or who has produced \_\_\_\_\_ (type of identification) as identification and who did take an oath.



  
Notary Public, State of Florida

My Commission Expires.